

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7457

BILL NUMBER: HB 1248

NOTE PREPARED: Jan 9, 2013

BILL AMENDED:

SUBJECT: Sewer Liens for Tenant Occupied Property.

FIRST AUTHOR: Rep. Culver

BILL STATUS: As Introduced

FIRST SPONSOR:

FUNDS AFFECTED: **GENERAL
DEDICATED
FEDERAL**

IMPACT: Local

Summary of Legislation: The bill provides that for purposes of the statutes governing municipal sewer utilities and storm water works, a lien does not attach for user fees assessed against real property occupied by someone other than the owner if either of the following applies:

- (1) The property owner or the tenant gives notice to the entity assessing the fees that the tenant is responsible for paying the fees and requests that the account or other customer or billing records maintained by the assessing entity for the property be in the name of the tenant.
- (2) The account or other customer or billing records maintained by the assessing entity for the property otherwise indicate that:
 - (A) the property is occupied by someone other than the owner; and
 - (B) the person occupying the property is responsible for paying the user fees for the property.

The bill requires the assessing entity to release:

- (1) any lien filed with the county recorder for user fees assessed against real property occupied by someone other than the owner; and
 - (2) delinquent user fees incurred by the tenant responsible for paying the fees;
- upon receipt of a verified demand in writing from the property owner.

Effective Date: July 1, 2013.

Explanation of State Expenditures:

Explanation of State Revenues:

Explanation of Local Expenditures: The bill will have indeterminate fiscal impact on the collection of delinquent user fees charged by municipal sewer utilities and storm water works.

To the extent that there may be costs to attach a lien and foreclose on the lien, the bill could reduce costs by removing this option from certain properties. If the cost of collecting from the person occupying the property is more costly than the lien process, collection costs could increase. Also, if the number of successful collections decreases as a result of not being able to the user fees, penalty, and service charges on the tax roll or attach a lien on the property, bad debt expense could increase.

Additionally, the county recorder may incur expenses for releasing a lien without charging a fee. Any increase in costs for the recorder will depend on the number of liens that need to be released.

Under current law, the delinquent user fees, penalty, and service charges are included in the property tax certify by the county treasurer to the county auditor for collection in the manner that delinquent property tax is collected. A lien may be attached to a property for these amounts, regardless of who occupies the property. [Some of the procedures are different for a nonowner occupied property, however.] The lien may be foreclosed to satisfy the fees, penalties, and reason attorney's fees in certain situations.

Under the bill, in certain circumstances when a person other than the owner occupies a property, the delinquent user fees, penalty, and service charges are taken off the tax roll and a lien may not be attached to the property. However, the utility may still pursue collection of the delinquent user fees from the person occupying the property, (which is not specifically addressed in the bill).

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected: Municipal sewer utilities and storm water works, counties.

Information Sources:

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